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| Report title | Financial Wellbeing Strategy: Tackling the Cost-of-Living Crisis | |
| Decision designation | AMBER | |
| Cabinet member with lead responsibility | Councillor Ian Brookfield Leader of the Council | |
| Key decision | Yes | |
| In forward plan | Yes | |
| Wards affected | All Wards | |
| Accountable Director | Emma Bennett, Executive Director of Families | |
| Originating service | Children and Young People | |
| Accountable employee | Alison Hinds | Deputy Director, Children's Social Care |
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| Report to be/has been considered by | Adult Leadership Team | 10 March 2022 |
| | Children and Young People Leadership Team | 3 March 2022 |
| | Public Health Leadership Team | 10 March 2022 |
| | Strategic Executive Board | 10 March 2022 |
| | Scrutiny Board | 15 March 2022 |

Recommendations for decision:

The Cabinet is recommended to:

1. Approve and endorse the Financial Wellbeing Strategy: Tackling the Cost-of-Living Crisis and the funding allocated for implementation.
2. Approve delegated authority to the Leader of the Council in consultation with the Executive Director of Families for any final minor updates to the strategy.

Recommendation for noting:

The Cabinet is asked to note:

1. That this item was considered for pre-decision scrutiny on 15 March 2022 by Scrutiny Board and will therefore not be available to call in once a decision is made by Cabinet.

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1.0 Purpose

- 1.1 The purpose of this report is to request that Cabinet approves and endorses the Financial Wellbeing Strategy: Tackling the Cost-of-Living Crisis 2022-2025.
- 1.2 This is a new strategy which has been developed to support a reduction, and future avoidance, of the financial hardship currently being experienced by residents of the city, taking account of the additional impact of the Covid-19 pandemic and the rise in the cost of living. It strives to strengthen individual and community resilience to offer local support to residents when in crisis, but also to facilitate strategies for prevention of future hardship including cross cutting work with other key city priorities such as tackling unemployment.

2.0 Background

- 2.1 As a city, pre the Covid-19 pandemic and the current increased cost of living, Wolverhampton already experienced high levels of deprivation and poverty.
- 2.2 Wolverhampton was the 24th most deprived area according to The Index of Local Deprivation 2019, with issues relating to unemployment (19th most deprived), income (11th most deprived), income deprivation affecting children (12th most deprived), and income deprivation affecting older people (28th most deprived).
- 2.3 The cost of experiencing financial hardship and poverty is high to households affected. It impacts on general wellbeing and adds to social exclusion. Those financially excluded face multiple disadvantages as they are locked in a cycle of poverty.
- 2.4 Those affected are more likely to: be dependent on doorstep or illegal lenders with high interest rates, experience difficulties in gaining employment, lack financial safety nets such as insurance and savings to deal with unexpected financial difficulties, experience poor mental and physical health, and live in sub-standard housing or unsuitable accommodation with greater risk of eviction.
- 2.5 National studies suggest the Covid-19 pandemic and support measures put in place have exacerbated wealth inequalities. The impact of the pandemic on personal finances have been uneven. Wealthier households have been able to cut back on their spending and increase opportunities for saving, whilst poorer households have been unable to reduce their spending and are more likely to have seen their income fall, further exacerbating their ability to manage the increase in cost of living.
- 2.6 In a city already experiencing high levels of deprivation the impact of the pandemic will have meant many households will have experienced further financial hardship.
- 2.7 To further compound the financial hardship being experienced, the cost of living is rising and the cost of fuel will see a significant increase. For households already experiencing financial hardship these factors will add additional burden.

- 2.8 The Government responded during the pandemic with grants and financial support to local authorities to attempt to counteract some of the financial hardship being experienced.
- 2.9 One such grant which was initiated in December 2020 was the Covid Winter Support Grant. This funding was awarded by the Department of Work and Pensions (DWP) to local authorities across the country and was specifically for the purpose of financially supporting households, with and without children, who were experiencing poverty, and in particular food and/or fuel poverty as a result of the impact of Covid-19.
- 2.10 The grant received in December 2020 was initially to be spent by the end of March 2021. Since then, there have been a further three similar grants awarded, to be utilised for similar purposes. Currently the support to residents is undertaken by maximising the usage of the DWP Household Support Grant. The most recent grant, awarded in October 2021, has extended the support available to residents who are experiencing financial hardship, to also include other essential housing costs.
- 2.11 Between December 2020 and March 2022, the City of Wolverhampton Council (CWC) will have received and utilised £5.3 million from the DWP grant funding to ensure those experiencing financial hardship have been supported.
- 2.12 In order to identify and support residents in need we have worked closely across services within the council, with partner organisations, and in particular local voluntary, community and faith organisations and groups, to ensure the support is received by those that need it most, many of whom would never have come to the attention of any service in the CWC before. During this period our work with food banks has been crucial to ensuring those experiencing food poverty have been supported and we have had opportunity to pilot innovative ways of giving more choice and dignity to those that are in receipt of this support. This approach has been developed through our strong partnership with these groups and organisations and has given CWC confidence that those most in need have been supported by organisations most local or connected to them.
- 2.13 Future Government funding to support financial hardship through local authorities is unclear. As a city, through work undertaken with our delivery partners, we know that this support has been invaluable, hence the need for us to develop a strategy to address the ongoing impact of financial hardship in the city. The strategy will underpin how we support residents in immediate need, but also work with those residents to build financial resilience to avoid the need for future crisis support.
- 2.14 This proposed strategy will be aligned to projects, programmes, initiatives, and strategies that CWC already has in place to support our most vulnerable residents to improve wellbeing, opportunities and outcomes. These include the Better Homes Strategy, the Digital Inclusion Strategy and Employment Programmes as examples. The strategies are all interconnected and support the priorities of the Council Plan.

2.15 This item was considered for pre-decision scrutiny on 15 March 2022 by Scrutiny Board with the comments and recommendation attached as Appendix 2 and will therefore not be available to call in once a decision is made by Cabinet.

3.0 Progress

3.1 This is a new strategy that has been developed to support the reduction of current financial hardship being experienced by residents of the city. It is also intended to support avoidance of future financial hardship by developing individual, family and community resilience.

3.2 Through management information collected as a requirement of the DWP support grants received since December 2020, and through additional local data and evidence, we have gathered intelligence which helps understand the level and type of financial hardship in the city. There is now a more in depth understanding of where the support is needed, what the specific areas of support are, and how best to ensure that the support goes directly to those most in need. With our partners in the city, we have developed systems to make either direct payments to individuals or payments to our partners, to ensure residents are supported when most in need. The grants received have been an opportunity to test out delivery options that are most effective.

3.3 This work has strengthened not only the alliance within our own council across service areas but also with our partners in the city, who have worked exceptionally well with the CWC in co delivery. Through consultation with current delivery partners, they have shared their appetite for continuing to work with CWC in addressing financial hardship in the city. Community, faith, and voluntary groups closest to those who have been supported are keen to receive support in strengthening their infrastructures and in maximising their income to enable ongoing support to residents. They are willing to work with the CWC to think creatively to seek solutions to how we can continue to support residents and improve financial wellbeing in the city.

3.4 Through Covid -19 Emergency grant food banks have been supported to play a key role in supporting residents in financial hardship. It is proposed that we continue to work with foodbanks across the lifetime of the strategy, working with them to move from a position of reliance on food banks to one of greater resilience for our residents. Residents will continue to receive crisis essential support in the early stages of the strategy with the graduated response supporting a reduction on reliance of traditional type food packages from food banks

3.5 The strategy incorporates a graduated response, namely the three E's: Essential Emerging and Early support.

3.6 The Essential response focusses on addressing crisis hardship. This element will require an immediate financial resource. Residents in receipt of essential support will be encouraged to receive further support to avoid future crisis situations.

- 3.7 The Emerging response focusses on the understanding of the existence and emergence of local and national issues. This will enable a planned and targeted response on an individual or group basis.
- 3.8 The Early response includes activity that focusses on prevention. This activity will primarily be based in local communities and will be shaped on the lived experience of residents to create an environment that prevents escalation and future experience of crisis and the need for support at the Essential level.
- 3.9 The strategy will be delivered through five workstreams who will report to a partnership board made up of representation from CWC and external delivery partners.
- 3.10 Workstream one - Promoting Financial Responsibility will work on ensuring there is an appropriate level of advice and support in the city for residents to seek advice on current debts but also to access suitable financial products such as bank accounts, insurances and affordable reputable credit options when required. An example of this would be use of the Credit Union.
- 3.11 Workstream two - Tackling Food and Fuel Poverty will focus on ensuring there are enough no cost and low-cost food options in the city such as food pantries and cafes in local communities utilising surplus food in the city wisely. It will support residents in essential crisis situations with food and fuel resource.
- 3.12 Workstream three - Accessing Financial Information, this workstream will ensure residents in the city can seek financial advice and support on healthy money management.
- 3.13 Workstream four - Building Financial Understanding and Capacity will focus on learning and relearning good financial management. An early response to this would be to ensure through schools, adult learning, and family learning there are opportunities to develop knowledge and skills, to be able to make well informed financial decisions and manage life cycle changes that affect finances in the future.
- 3.14 Workstream five - Maximising Money and Opportunities. This workstream will lead on ensuring income is maximised with residents experiencing good quality affordable tenancies, stable homes and employment and benefit maximisation when required.
- 3.15 The delivery of the strategy will be supported by a small staff team.
- 3.16 It is expected that during the first 12 months of the strategy there will continue to be an ongoing higher need for essential crisis support. However, through that crisis response, support to residents will be delivered in a more structured way to prevent future financial crisis. It is envisaged the focus on early and emerging support will continue to develop throughout the lifetime of the strategy leading to reduced requests for crisis support during years two and three.
- 3.17 Resource will be required over the period of the strategy not only to support essential crisis payments where needed, but also to continue to offer some financial support to our

voluntary, community and faith partner organisations to offer immediate support and build resilience for future sustainability.

- 3.18 It is anticipated that the required level of financial resource for the first year will be in the region of a £1.1 million, this will incorporate funding for food banks for the delivery of the strategy and for the staff resource.
- 3.19 The proposed resource required to support this strategy has been calculated utilising financial and management information that has been collated and analysed as part of the delivery of the support grants.
- 3.20 The strategy has been developed on the assumption that no further funding is received from the DWP as it is likely this funding stream will cease. The current funding of Household Support Grant ending on 31 March 2022 may be the last grant issued to local authorities for this purpose. Should any future funding be received for this purpose this will reduce the resource required to support the strategy.

4.0 Options

- 4.1 Option one is that no Financial Wellbeing Strategy is developed.
- 4.2 Option two is that CWC develop and implement the proposed Financial Wellbeing Strategy to support our most vulnerable residents in the city. This will be in the form of a partnership approach to delivery, not only to support those in immediate crisis but to support households in building resilience to avoid future financial crisis.
- 4.3 Individual consultation has taken place with organisations and groups who have delivered support, and with residents who have been in receipt of financial support between 2020 and 2021.
- 4.4 Some of the strengths identified during the consultation which support the development of a strategy are:
- the availability of support within local communities has meant people, many of whom were not known to services, have been able to seek support at the earliest opportunity
 - trusting and valued relationships have been established between the council, organisations within the third sector and with residents
 - there has been good level of advice, information and support for households experiencing financial difficulties
 - there has been strong partnership working to ensure a diverse offer of support, information, and joined up working
 - Residents described the support they have received as a lifeline, without which they would have plunged further into debt and crisis. The quotes utilised in the strategy are taken from residents who have received support from the Covid support grants

4.5 Through this consultation we also learnt that:

- too many households are continuing to experience crisis at the point they ask for help
- in some instances, information about where families can access support has not felt accessible enough. Residents and delivery partners expressed that ease of access and improved communication channels would support more instant support, reducing the number of services residents pass through to get the support they need
- in some instances, digital exclusion has been a barrier to accessing support.
- the impact of Covid-19 and the increased cost of living on financial hardship is still emerging
- sustainability based on uncertainties regarding future funding means many smaller organisations are struggling to plan for their future

4.6 The outcome of this user consultation has supported the need for a strategy to support immediate financial crisis and develop a system of secondary prevention.

5.0 Evaluation of alternative options

5.1 Given what we know about the level of need in the city to pursue option one is not the preferred option. By doing nothing, residents in need will struggle further and the impact of financial hardship will continue and escalate, impacting detrimentally on the lives and opportunities of residents of our city.

5.2 Option two is the preferred and recommended option. By implementing the Financial Wellbeing Strategy, it will allow a graduated response to support being offered at early, emerging and essential (crisis) levels where needed. By refocusing on early and emerging need the requirement for essential support should reduce. Those who do need essential support can be supported more intensively in the short term to enable opportunity to address the cause of the crisis to prevent further similar situations.

6.0 Reasons for decision(s)

6.1 The strategy will help support avoidance of escalation of need and identify support at the earliest opportunity. It will support partnership working as the key to delivery, working with our community, voluntary and faith partners to strengthen resilience within communities.

6.2 The wealth of local data and information to evidence the need for financial support cannot be underestimated. Through the collection of local data, we have established an understanding of the level and type of hardship experienced by households in the city. In the shorter-term residents of the city affected by financial hardship will continue to require urgent essential crisis support, but by adopting this strategy we can work in our local communities to support that immediate crisis need and prevent and reduce the level of

future crisis support required. The implementation of the strategy will give an opportunity to move from reliance on essential crisis support to a position of increased financial resilience for residents.

7.0 Financial implications

- 7.1 Local authorities have been awarded a number of one-off grants to support its response to the Covid-19 pandemic. These grants have included the Winter Grant Scheme, Covid Local Support Grant and more recently the Household Support Grant - totalling £5.3 million over two financial years. These grants focus on providing support with food and fuel poverty and other essentials to support children and their families and other vulnerable adults. There is no indication that these grants will continue beyond 2021-2022.
- 7.2 In addition, the council has prioritised the use of its Covid-19 Emergency grant to be able to provide support to food banks across the city during 2021-2022.
- 7.3 It is anticipated that the required level of financial resources to support the first year of the Financial Wellbeing Strategy, including funding for food banks and staffing resources is in the region of £1.1 million.
- 7.4 It is proposed that this be funded from a combination of growth built into the 2022-2023 Budget to support Council priorities (as approved by Full Council on 2 March 2022), Supporting Families Grant, Public Health Reserve and Covid Emergency Funding / Recovery Reserve. Any funding requirement beyond 2022-2023 will be subject to further reports.
- 7.5 The table below summaries the forecast funding requirement along with the funding strategy for 2022-2023.

| 2022-2023 | |
|--|----------------|
| £000 | |
| Funding requirements | |
| Delivery of the Financial Wellbeing Strategy including support to Food Banks | 840 |
| Staffing costs | 240 |
| Total funding requirement | 1,080 |
| | |
| Funding Strategy | |
| Growth held for Council priorities | (290) |
| Public Health Reserve | (250) |
| Supporting Families Grant | (240) |
| Covid Emergency Grant / Recovery Reserve | (300) |
| Total Funding | (1,080) |

[AS/07032022/J]

8.0 Legal implications

- 8.1 There are no direct legal implications arising from the report.
- 8.2 The creation of a Financial Well-being Support Strategy will assist the Council in meeting its statutory obligations to residents in need of support.
- 8.3 Any Strategies that allow the Council to meet needs and reduce future needs in a more cost-effective way is a recognition of the Council's fiduciary duty to act prudently and in a financially responsible manner.
[TC/02022022/A]

9.0 Equalities implications

- 9.1 Developing a Financial Wellbeing Strategy for Wolverhampton is a key priority to mitigate inequalities caused by financial deprivation and poverty. The strategy sets out the long-term vision for the city working with partners to improve the lives of all those living in the city and is centred on tackling poverty and inequality.
- 9.2 The proposed strategy offers an opportunity to adopt a more personalised and empowering approach to engage with individuals and groups to ensure accessibility to services offered and remove barriers to accessing support and advice.
- 9.3 The key principles of the strategy will ensure the diverse needs of the residents of our city are met, leaving no one behind. These are:
 - A: Provision of a range of support: we will work with people to identify needs early, understand where there are emerging individual and community needs and respond with support targeted at meeting that need.
 - B: Maximise dignity, autonomy and choice: we will minimise barriers and develop systems that promote ease of access for all.
 - C: Raising activity through a diverse range of channels to reach the most vulnerable households: we will work with our local and regional partners including our community, voluntary and faith organisations.
 - D: Prioritising equality and diversity: leaving no one behind we will ensure that in the delivery of the strategy the diversity of our city is recognised and responded to, and ensure it is inclusive of all individuals within our diverse communities.
 - E: Robust evidence of what is necessary and effective: we will use a range of data to assist us in understanding our communities to support us in determining local need to ensure that support is adaptable.
 - F: Support households on their journey from reliance to resilience.

10.0 All other Implications

- 10.1 Experiencing financial hardship and poverty has an impact on emotional health and wellbeing and hence on motivation, quality of life and opportunity. This strategy will support intervention at the appropriate level to provide financial support where needed, either directly or through our partner organisations. The strategy aims to support and empower individuals to build their own resilience through accessing support.
- 10.2 There is a Human Resources implication as a small staff team will be recruited to support implementation of the strategy. They will not only undertake direct work with households but will coordinate the engagement, of partner organisations and support the strengthening of the capacity within our third sector to offer support in a sustainable way.

11.0 Schedule of background papers

- 11.1 There are no background papers.

12.0 Appendices

- 12.1 Appendix 1: Financial Wellbeing Strategy, Tackling the Cost-of-Living Crisis 2022-2025
- 12.2 Appendix 2: Comments and Recommendation from Scrutiny Board, 15 March 2022